

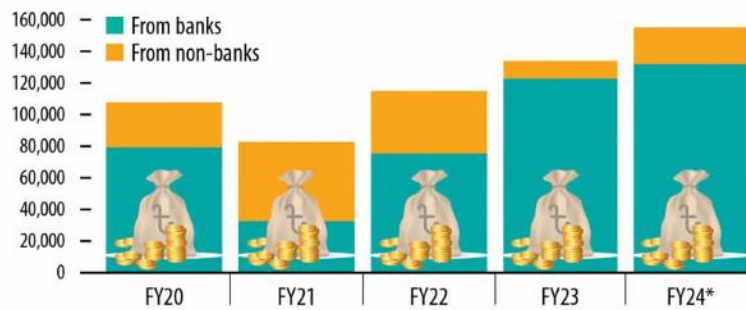
Economy

Govt borrowing from domestic sources climbs 16%

The government's borrowing from domestic banks and non-banking sources was 16% higher in the just-concluded fiscal year as it had to rely on debts to finance public expenditures amid lower revenue collections. The government took BDT 1338 Bn in loans from domestic sources in 2022-23, excluding the net sales of national savings certificates, according to data from the Bangladesh Bank. It was BDT 1152.16 Bn in 2021-22.

GOVT BORROWING FROM DOMESTIC SOURCES

In crore taka; SOURCE: BB *Plan



Of the sum, 73%, or BDT 976.84 Bn, came from the central bank in FY23, which may contribute to stoking inflationary pressures. "This will create demand as the central bank is printing money to lend to the government. This fresh money is coming to the market. This will stoke inflation," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

<https://www.thedailystar.net/business/economy/news/govt-borrowing-domestic-sources-climbs-16-3370881>

BB raises Digital Nano Loan fund to BDT 5 Bn

The Bangladesh Bank (BB) has increased the fund of the 'Digital Nano Loan' to BDT 5.0 Bn from BDT 1.0 Bn. The central bank has raised the fund to increase the financial inclusion of marginalised people amid meet the growing demand of digital nano loan in the country, as per a BB circular issued on Sunday. The other purposes of the fund are to encourage and habituate the marginalised people to do digital transaction, and enhance the progress of building "Smart Bangladesh", it said. The BDT 1.0 Bn refinance scheme was introduced on July 2 last year, reports BSS. Participating banks of the refinance scheme will be able to disburse loans amounting BDT 5.0 Bn to BDT 50,000 to individual customers with up to 9.0% interest under the scheme. The loans have to be disbursed entirely digitally by using internet banking, mobile apps, mobile financial services, or e-wallet services, according to the central bank.

<https://thefinancialexpress.com.bd/economy/bangladesh/bb-raises-digital-nano-loan-fund-to-tk-5-billion>

Bangladesh will again seek duty benefits in US

Bangladesh will again urge the US for duty-free access as the tariff imposed on exports from the country is one the highest faced by goods entering the western nation, according to Senior Commerce Secretary Tapan Kanti Ghosh. On Saturday, Ghosh told The Daily Star that he would raise this demand at the sixth edition of the Trade and Investment Cooperation Forum Agreement (Ticfa).

The main topic of discussion for Bangladesh will be about securing duty-free access or reduced tariff for exports to the US market, Ghosh added. Exported goods, particularly garment items, currently face 15.62% duty when shipped to the US. Ghosh said Bangladesh has already withdrawn the rule requiring double fumigation of US cotton, which was a long-time demand of the American government. So, Bangladesh will now raise the issue of being granted duty-free access at the Ticfa meeting.

<https://www.thedailystar.net/business/economy/news/bangladesh-will-again-look-for-duty-benefits-us-3370871>

New long-term USD loan facility for exporters, other firms

The central bank yesterday unveiled a long-term financing facility for private sector firms, mainly export-oriented manufacturers, to help them borrow in US dollars to purchase equipment and services needed to run sustainable operations. Under the Bangladesh Bank-Long Term Financing Facility, the loan, which could be as high as USD 10 Mn, will be offered in the US currency, according to a guideline.

Widespread opportunity for medium-and-longer term financing was inadequate in the country a decade ago and the constraint still persists. And the financing of businesses for shorter-than-required tenure is creating a funding mismatch. As a result, the banking sector is finding it difficult to mitigate the long-term funding gap in both local and foreign currencies. The success and popularity of the LTFF prove that there exists a huge demand in the market for a sustainable longer-term credit facility, the guideline said.

So, the central bank has decided to continue providing long-term financing to private sector firms, mainly export oriented manufacturing enterprises, so that they can adopt sustainable means of production and augment competitive advantage in the global value chains.

<https://www.thedailystar.net/business/economy/news/new-long-term-usd-loan-facility-exporters-other-firms-3370886>

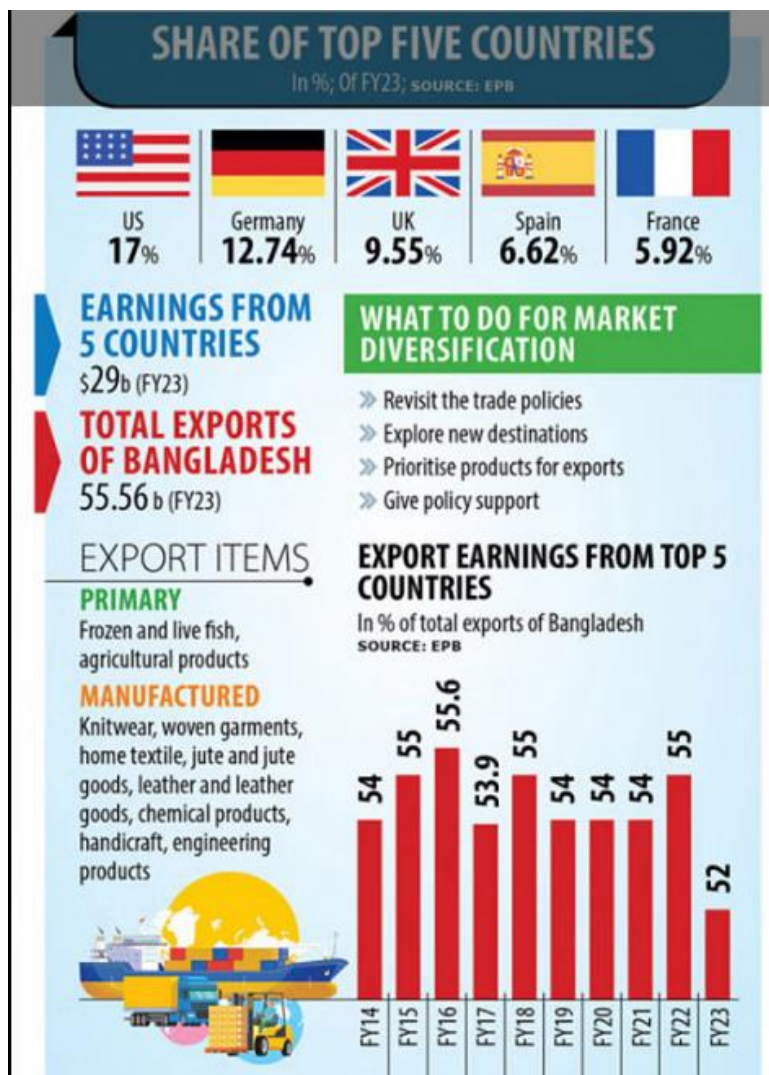
Exports continue to depend on five key markets

Five developed nations have continued to account for more than half of Bangladesh's export earnings, highlighting the country's narrow market base and the vulnerability it faces. This also means Bangladesh's efforts aimed at diversifying exports in terms of both markets and products over the last decade have not brought about expected results.

The five countries -- the United States, Germany, the United Kingdom, Spain and France -- sourced products worth USD 29 Bn in the last fiscal year of 2022-23, making up more than 52% of Bangladesh's annual receipts of USD 55.56 Bn, data from the Export Promotion Bureau showed. "Bangladesh's export



market is still confined to a handful of countries and to some products such as readymade garments," said Muhammad Abdur Razzaque, chairman of the Research and Policy Integration for Development, a think tank. Due to a lack of diversification of products, the country has not been able to explore other markets. As a result, export earnings have not increased either, he said.



<https://www.thedailystar.net/business/economy/news/exports-continue-depend-five-key-markets-3370876>

Cement

Imports of cement clinker, stones soar amidst construction boom

In contrast to a slump in imports, especially luxury goods, due to import curbs amid the prevailing dollar crisis, there has been a 5% rise in the import of cement clinker through Chattogram port during fiscal 2022-23, maintaining its position as the leading imported commodity. Apart from cement clinker, broken or crushed stones – an essential material used in the construction sector – registered an impressive 80% increase in ports in the past fiscal year, according to Chattogram Customs House.

Industry insiders attribute this growth in imports of these items to the flourishing construction industry in the country and the government's extensive infrastructure development projects. Data obtained from Chattogram Customs House indicates that the import of cement clinker rose by 0.774 Mn tonnes to reach 17.7 Mn tonnes in FY23, resulting in a revenue increase of BDT 3.81 Bn for the country's premier customs station.

HIGHEST IMPORTED PRODUCTS THRU' CTG PORT IN FY23		NET WEIGHT (IN CRORE TONNES)	IMPORT VALUE (IN CRORE TAKA)	REVENUE (IN CRORE TAKA)
	CEMENT CLINKER	1.77	11,304.13	2,739.94
	BROKEN OR CRUSHED STONE	1.22	2,831.12	1,312.63
	SLAG SAND	0.51	1,683.69	349.37
	HI SPEED DIESEL OIL	0.46	27,379.71	6,762.53
	COAL	0.42	6.62	750.61

<https://www.tbsnews.net/economy/imports-cement-clinker-stones-soar-amidst-construction-boom-666190>

Tannery

Leather footwear exporters can now apply for over 5% discounts

Exporters can now apply to the Discount Committee of the central bank for more than 5% discounts against the export of leather footwear goods. The Foreign Exchange Policy Department of the Bangladesh Bank issued a circular in this regard on Sunday.

The move will help exporters offset the loss of export proceeds they often incur by offering buyers discounts of more than 5% prescribed in the Guidelines for Foreign Exchange Transactions. A senior official of the central bank told The Business Standard that all cases involving discount claims made by buyers due to document discrepancies, short shipment, conservative arrest, or quality issues concerning the shipment of readymade garments, leather, and leather goods should be forwarded to the Discount Committee of the central bank for review.

<https://www.tbsnews.net/economy/leather-footwear-exporters-can-now-apply-over-5-discounts-666374>

Stock-Specific News

GP vs Robi: Why one outshines the other, makes more money from investment

(GP's return on equity is 53.20pc while Robi's only 2.76pc)

Grameenphone (GP) and Robi Axiata seem to have fought a close fight when it comes to revenue generation, but by the time they take away profits excluding all expenditures GP goes beyond the horizon of Robi.

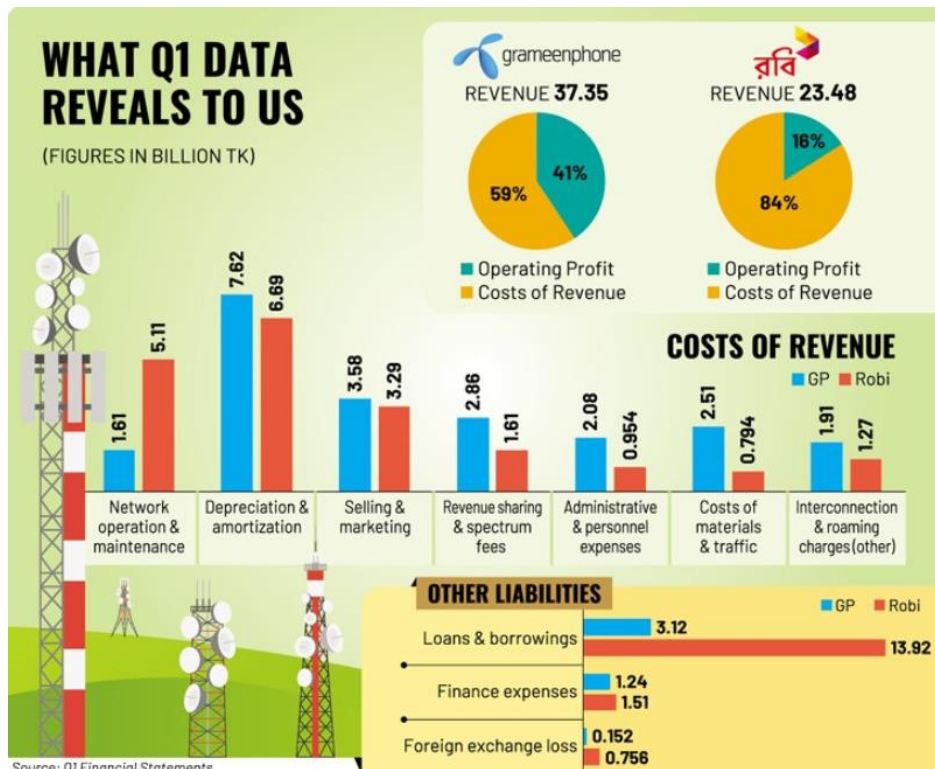
In the quarter through March, GP's revenue was Tk 37.35 billion, 1.59 times that of Robi. The gap widened in operating profits as the largest mobile operator, GP managed to limit expenditures to 59 per cent of the revenue up until that level while the second-largest operator, Robi saw about 84 per cent revenue gone. Going further to extract net profit, Robi earned only Tk 0.42 billion, which was only one-eighteenth times that of GP.

- **Market competition costing Robi more**

Operating expenses include cost of materials & traffic charges, salaries & administrative costs, cost of operation & maintenance, sales, marketing & commission, revenue sharing & spectrum charge and depreciation & amortization. Ironically, Robi's network operation and maintenance cost is more than three times higher than GP though they are on a par with each other in terms of network coverage. GP's network covers 99 per cent of the population while Robi's 98.4 per cent.

- **Higher financial leverage**

Robi has been bearing a foreign currency loan of Tk 10.12 billion from the International Finance Corporation, whereas GP has no such loan exposure. The loan burden rose in tandem with the appreciation of the dollar -- about 25 per cent since the Russia-Ukraine war began last year. Including local loans, Robi's borrowings amounted to Tk 13.93 billion while GP's Tk 3.12 billion, as per the latest financial statements. Then foreign exchange loss added to the financial expenses.



<https://thefinancialexpress.com.bd/stock/bangladesh/gp-vs-robi-why-one-outshines-the-other-makes-more-money-from-investment>

Moody's updates City Bank's outlook

Moody's Investors Service has released its latest credit opinion on City Bank, recognizing its average profitability, and modest asset quality and capitalization, which are balanced by its stable liquidity and improving deposit franchise. City Bank has been affirmed issuer rating of B2 with a stable outlook, which reflects its moderate probability of support from the government of Bangladesh (B1 stable) and the bank's expected stability of credit fundamentals as gradual improvements in funding conditions balance rising asset risks, said a press release.

<https://www.thedailystar.net/business/economy/news/moodys-updates-city-banks-outlook-3370666>

Bank Asia to invest BDT 125 Mn to set up digital bank

Publicly listed Bank Asia has decided to invest BDT 125 Mn to set up a digital bank. It is the first private commercial bank to go for a digital bank. The decision came at the bank's board meeting held on 13 July, reads a disclosure posted on the bank's website. Bank Asia sources said the digital bank is a joint venture consortium comprising fintech and other firms where Bank Asia is a sponsor with 10% stake. The consortium has already applied to the Bangladesh Bank for a digital banking license.

<https://www.tbsnews.net/economy/stocks/bank-asia-invest-tk125cr-set-digital-bank-665898>

Trust Bank posts 52% growth in profit in Apr-Jun

Trust Bank has reported a 52% growth in consolidated net profit in the second quarter of 2023 over the same time of the previous year. According to its statement, from April to June of 2023, Trust Bank's consolidated net profit stood at BDT 1.106 Bn, and the earnings per share (EPS) stood at BDT 1.41, which was BDT 727.9 Mn and BDT 0.94 respectively in the same time of the previous fiscal year. However, its consolidated net profit in the first half of 2023 has declined by 15% over the same time of the previous fiscal year.

<https://www.tbsnews.net/economy/stocks/trust-bank-posts-52-growth-profit-apr-jun-666178>

Cenbank appoints new director at Uttara Finance

Bangladesh Bank has appointed Babul Chandra Debnath, who is a deputy general manager at the Investment Corporation of Bangladesh (ICB), as a director on the board of the scam-hit Uttara Finance and Investment Limited. This April, the central bank appointed Mohammad Ali as another director on the company's board. On 23 June 2022, the Bangladesh Bank removed Uttara Finance's Managing Director SM Shamsul Arefin for embezzling money from the company, helping others to embezzle, and for hiding information in financial reports. These irregularities against him were first detected in the inspection of Bangladesh Bank, and later in the report of the audit firm Rahman Rahman Huq (KPMG).

<https://www.tbsnews.net/economy/stocks/cenbank-appoints-new-director-uttara-finance-666506>